besides incurring legal expenses/stamp duty charges in case of demise of minor?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI PAWAN KUMAR BAN SAL): (a) National Securities Depository Limited has informed that it has advised its Depository Participants (DPs) to open a minor's account under the guardianship of one of the natural guardians or a court appointed guardian. It has advised DPs not to open joint accounts (guardian with a third person, as a joint holder) on behalf of minors.

(b) Yes, Sir.

(c) and (d) NSDL had done so keeping in view the fiduciary relationship between the guardian and the minor as laid down in the Guardians and Wards Act and the associated difficulties in operating the account if it is opened otherwise.

New Pension System in Stock Markets

2338. SHRI SYED AZEEZ PASHA: Will the Minister of FINANCE be pleased to state:

(a) whether it is a fact that Government have decided to invest upto five per cent of the proceeds of the new Pension Scheme in stock markets despite opposition from some States;

(b) if so, the details thereof; and

(c) whether Government's reaction to the objections raised by certain States against this decision?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI PAWAN KUMAR BANSAL): (a) to (c) The New Pension System (NPS) has been in place from 01.01.2004, for new recruits to Central Government services (except the armed forces in the first stage). Accumulations under the NPS are being credited into the public account. Measures, including consultations with State Governments, have been initiated to decide on an appropriate investment arrangement for these accumulations.

At a conference of Chief Ministers held on 22nd January, 2007 on the subject of pension reforms, the majority of States, except Kerala,

West Bengal and Tripura, supported the proposed interim investment arrangement. Government would take note of the concerns expressed in this conference and continue consultations with all the entities concerned to arrive at a consensus on pension reforms.

Increase in lending and deposit rates by Banks

2339. SHRIMATI JAYA BACHCHAN: Will the Minister of FINANCE be pleased to state:

(a) what is the scenario with regard to interest rates in the country in the months ahead;

(b) whether it is **a** fact that lending and deposit rates are being tweaked up by several banks;

(c) if so, whether it points to the possibility of interest rates going up; and

(d) whether the upward rates of interest would help mop up excess liquidity in the system?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI PAWAN KUMAR BANSAL): (a) to (d) The Annual Policy Statement for the year 2005-06 issued by the Reserve Bank of India (RBI), had stated that "the outcome for interest rates depends mainly on the outlook for inflation, growth prospects and investment demand and it is not possible to predict short-run movements in interest rates".

RBI has deregulated the interest rates on advances above Rs. 2 lakh with effect from October 18,1994. Interest rates are determined by the banks themselves with the approval of their Board of Directors subject to Benchmark Prime Lending Rate (BPLR) and Spread guidelines. In order to enhance transparency in pricing of their loan products, banks have been advised by the RBI to fix their BPLR after taking into account (i) actual cost of funds, (ii) operating expenses and (iii) a minimum margin to cover regulatory requirement of provisioning/capital charge and profit margin and ensure that the BPLR truly reflects the actual cost. Individual banks, therefore, determine interest rates to be charged from a particular borrower subject to their BPLR and spread guidelines. However, loans up to Rs. 2 lakh carry the prescription of not exceeding the BPLR.